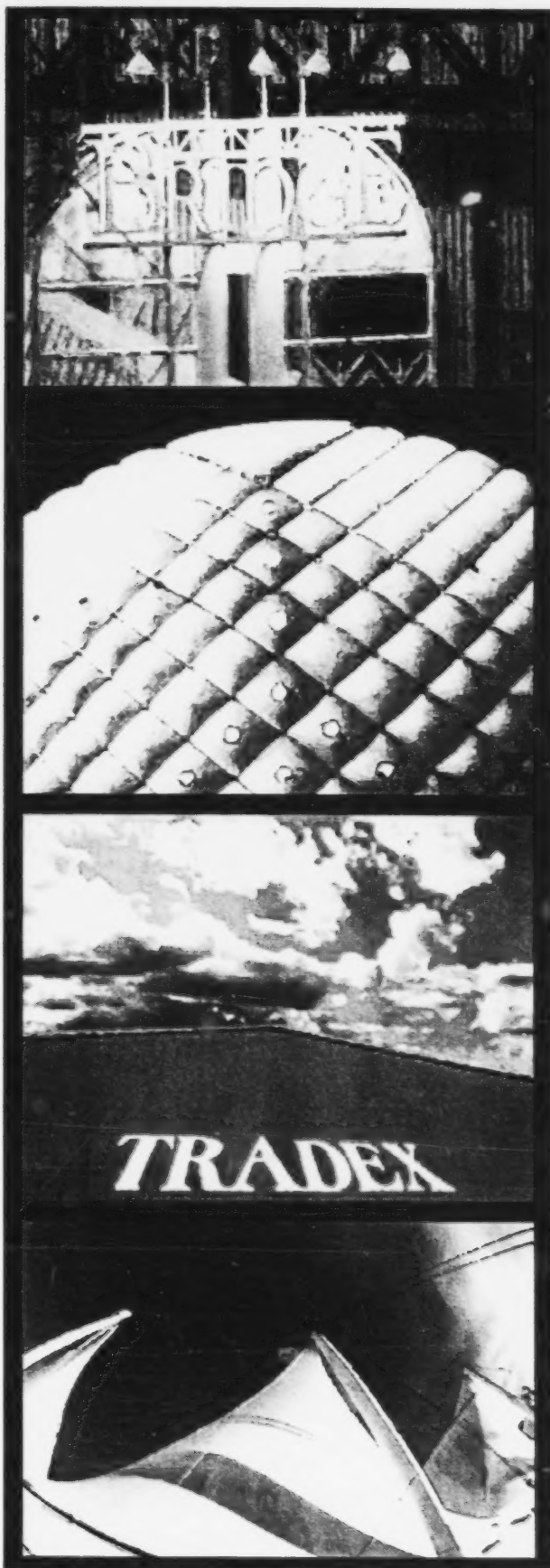




SERVICE PLAN

2002/03 – 2004/05



PavCo SERVICE PLAN
PLANNING PERIOD APRIL 1, 2002 – MARCH 31, 2005
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1 ORGANIZATION OVERVIEW

1.1 Corporate Summary

At the time of writing, B.C. Pavilion Corporation (PavCo) has not completed its participation in Government's Core Services Review process. The following Service Plan does not account for any changes that may result from that process.

As PavCo looks toward the future, the organization is preparing for a variety of challenges and opportunities, while at the same time building upon its tremendous success pursuing its mandate:

To generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.



Over the course of its history, PavCo has developed a reputation for excellence in the management of public facilities. All of PavCo's facilities have been operated so as to maximize their economic impact, while at the same time optimizing financial performance. The nature of the business is to support the economy and industry through the operation of facilities that, while they fulfill a vital public purpose and generate economic benefit are, for the most part, not profitable businesses that would be of interest to the private sector.

PavCo is a provincial Crown corporation operating:



- Vancouver Convention & Exhibition Centre (VCEC)
- BC Place Stadium
- Tradex
- Bridge Studios

BC Place Stadium and the Bridge Studios are owned by PavCo, the Tradex building is owned by PavCo and situated on land leased from the City of Abbotsford,

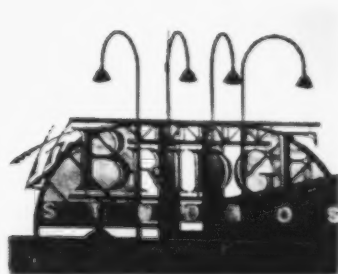
while the VCEC is leased from the federal government. The Corporation also operated Robson Square Conference Centre until November 30, 2000.

PavCo's facility base is located in the Lower Mainland and Fraser Valley. Resulting from a meeting with the Cabinet Committee on Crown Corporations in 1999, Management was requested to expand PavCo's role further into the regions of British Columbia. As a result, the Corporation developed its MeetingsBC initiative to support the meeting and incentive travel industry outside the Lower Mainland.

As the Corporation plans for the future it is clear that, despite tremendous achievements, some things must change in order to successfully move forward. BC Place Stadium is aging and in need of significant capital investment to remain a viable and valued public facility. The Vancouver Convention & Exhibition Centre (VCEC) needs capital improvements in the short term and expansion in the medium term, to ensure that Vancouver and British Columbia remain competitive in the international meetings, conventions and incentive travel marketplace. Both the Stadium and an expanded VCEC are identified as key elements in the 2010 Olympic Bid and any future plans for these facilities will undoubtedly take this into account.



1.2 Enabling Legislation



B.C. Pavilion Corporation is a British Columbia corporation incorporated under the *Company Act (British Columbia)* on May 3, 1984. The authorized capital of B.C. Pavilion Corporation consists of 10,000 common shares without par value. Only one common share has been issued and it is held by Her Majesty the Queen in Right of the Province of British Columbia. This 100% ownership of issued shares by the Provincial Government makes B.C. Pavilion Corporation a Crown Corporation.

B.C. Pavilion Corporation registered PavCo as a business name under the *Partnership Act (British Columbia)* on September 23, 1999.

In addition to the *Company Act* and the *Partnership Act*, there are a number of other statutes relevant to B.C. Pavilion Corporation. The most significant is the *British Columbia Enterprise Corporation Act* which provides that:

- B.C. Pavilion Corporation is an agent of the government,
- B.C. Pavilion Corporation is bound by the laws of British Columbia only to the same extent as the government is bound, and
- all property owned or acquired by B.C. Pavilion Corporation belongs to the government and B.C. Pavilion Corporation has all the immunities that the government has with respect to such property.

2 STRATEGIC & PLANNING CONTEXT

2.1 Vision, Mandate, Mission, Values

VISION

To be the global leader in event facility management.



MANDATE



To generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.

MISSION

To provide the best event experience for all our clients and guests.



VALUES

Quality and Service – We set and meet high standards of service.



Respect, Fairness, and Honest Communication – We treat each other as we wish to be treated, and we openly share information to increase employee understanding and meaningful involvement.

Financial Responsibility – We make significant economic contributions to the Province and strive to generate revenues to offset our operating costs.

Creativity and Innovation – We take responsible risks to find better ways, new methods and processes to get the job done.

Enthusiasm and Humour – We show our enjoyment of our work and each other.

Environmental Responsibility – We continually look for new ways of conducting our business to reduce environmental impacts.

Integrity – We apply our values and deliver on our promises.



2.2 Core Services Review

PavCo was established for Expo '86 to manage assets related to the World's Fair. Over the last 15 years, the Corporation has evolved into a sophisticated facility management organization with responsibility for a variety of Crown assets. The organization has clearly been in the business of operating public facilities with a primary purpose of generating economic and community benefit. As a result, the Corporation has embraced the mandate:

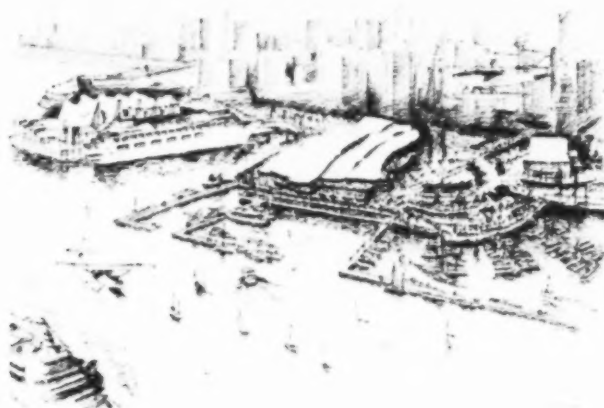
EXPO



To generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.

While PavCo has been successful in achieving its mandate, changes in its business environment and new directions from government provide an opportunity to review the organization in a new context. PavCo's Board of Directors has undertaken a review of PavCo and its operations and will be reporting to Government's Core Review and Deregulation Task Force in early 2002. In the meantime, all major initiatives that may be impacted have been put on hold.

2.3 Expansion of the Vancouver Convention & Exhibition Centre



The Vancouver Convention & Exhibition Centre (VCEC) is an integral part of British Columbia's tourism infrastructure, generating some \$235 million in annual economic impact, including \$73 million in tax revenues, and supporting 3,930 full-time jobs. An industry-based Task Force was formed by a number of interested groups including: PavCo, Tourism Vancouver, the Vancouver Board of Trade, and the Vancouver Hotel Association.



In October 2000, the Task Force completed and released a business plan for the expansion of the VCEC. The business plan provides an analysis of the business opportunity and facility requirements for an expansion, as well as a detailed concept proposal and costing. This business plan has been formally submitted to the provincial and federal governments and the City of Vancouver, and presented to the community via a media press conference in October 2000. The concept proposed by the Task Force is adjacent to and contiguous with the existing VCEC, an approach that was evaluated and endorsed by industry. There has been overwhelming endorsement from the community and industry in support of this project.

At the time of writing, no commitment has been made to fund the construction of an expanded facility. As the convention business dictates advance planning years ahead of actual events, delays in the project decision have a present day impact on activities for the facility, including unrealized potential economic benefit estimated at \$200 million annually (2000 KPMG Market Justification and Economic Benefits Report).



2.4 Future of BC Place Stadium



Built as an economic engine to expand business opportunities, BC Place Stadium has achieved that goal. Since the Stadium was opened, the area surrounding the facility has been extensively redeveloped and is now prime commercial and residential real estate. This facility was built in 1983, close to downtown Vancouver on unused industrial land, surrounded by parking and unrestricted by noise constraints. The lands surrounding the Stadium have been extensively developed over the past number of years and the parcels now remaining to be upgraded, known as the North East False Creek lands, include a portion of the Stadium site.

While the Stadium is British Columbia's largest trade and consumer show venue and remains the only one capable of hosting a number of the province's most successful shows, changing market conditions are having an impact on the ability of the facility to recover its operating costs. Management has identified a number of initiatives and improvements that will assist the bottom-line.

The facility has also been identified as the only venue capable of hosting the opening and closing ceremonies for the 2010 Winter Olympics. As improvements and alterations to the Stadium are costly, no major capital projects are planned until after the success of the Bid is known in July 2003 and the role of the Stadium is clarified.



2.5 Vancouver 2010 Winter Olympic Bid

PavCo's two flagship facilities, BC Place Stadium and the Vancouver Convention & Exhibition Centre (VCEC) are both key components of the Vancouver 2010 Winter Olympic Bid. BC Place Stadium is required for the opening, closing and medal award ceremonies and an expanded VCEC is required as the Main Press Centre for the Games.

While expansion of the VCEC should proceed with or without a successful Olympic Bid, alterations and improvements to BC Place Stadium will be directly affected by the outcome of the Bid process.

3 GOALS, OBJECTIVES, KEY STRATEGIES, PERFORMANCE MEASURES AND TARGETS

STRATEGIC GOALS

- To provide the highest levels of service and value.
- To broaden and increase economic benefit for the people of British Columbia.
- To optimize financial performance.
- To attract customers from international, national and local markets.
- To improve, expand and diversify our properties.
- To create healthy and supportive work environments for personal and organizational success.

TO PROVIDE THE HIGHEST LEVELS OF SERVICE AND VALUE

PavCo is a customer driven organization. We must provide excellent service at all levels, or we risk losing new and repeat clients to other facilities. For this reason, we monitor customer satisfaction through two measures:

Measure repeat clients to the facilities. It is more cost effective to service a repeat client than to sell space to a new client. Due to the diverse nature of our facilities, the percentage of repeat clients varies. Where repeat clients decline, it can indicate a larger percentage of new clients. In the case of the VCEC, variations in repeat business are not a critical indicator as international conventions alternate their venue city from year to year.



Repeat clients to the facilities are projected as follows:

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
Vancouver Convention & Exhibition Centre	30%	29%	32%
BC Place Stadium	48%	48%	48%
Tradex	85%	80%	75%

Score on customer satisfaction surveys. In order to continuously improve customer service, we require feedback from event organizers. Surveys are sent to clients after their event and the results monitored.

Customer satisfaction is projected as follows (out of a total of 6.0 points):

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
Vancouver Convention & Exhibition Centre	4.6	4.8	5.0
BC Place Stadium	4.6	4.7	4.7
Tradex	4.8	4.8	4.8

TO BROADEN AND INCREASE ECONOMIC BENEFIT FOR THE PEOPLE OF BRITISH COLUMBIA

Our mandate is to generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities. We measure net economic benefit generated by the Corporation based on the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute.

Net economic benefit generated. This amount is based on estimated expenditures by visitors to our facilities, subsequent spending in the province following the event activity, and the ripple effect through the economy of such spending.

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
Estimated Economic benefits (\$000)	\$580,000	\$600,000	\$610,000

TO OPTIMIZE FINANCIAL PERFORMANCE

As with most corporations, one of PavCo's strategic objectives is to optimize its financial performance. This is monitored by comparing the annual funding used for operations. PavCo receives an annual subsidy from its shareholder, the Ministry of Competition Science and Enterprise.

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
Comparison of Funding for Operations (\$000)	\$1,200	\$400	\$50

TO ATTRACT CUSTOMERS FROM INTERNATIONAL, NATIONAL AND LOCAL MARKETS

In addition to the objective of improving financial performance, PavCo also has the mandate of increasing economic benefit to the community. These goals are not always compatible, as some events bring enormous economic benefit to the community, while providing little profitability to the Corporation.

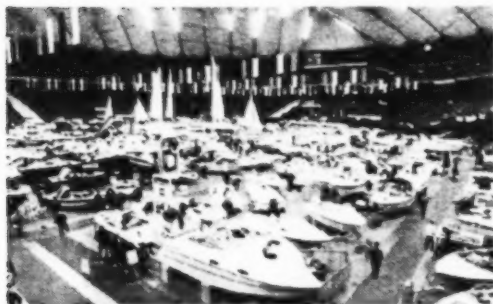
In order to measure the effectiveness of the Corporation's marketing efforts, the following measures are calculated:



Measure facility utilization. BC Place Stadium and Tradex have specific show seasons and are fully booked for a large portion of the year. However, as with many other public facilities, their summer periods are quiet and further infill business is required to increase occupancy. The year to year occupancy levels fluctuate at these facilities as many trade shows are held on a biannual basis. At the Vancouver Convention & Exhibition Centre, most convention space is fully booked for peak periods, so any increase in occupancy can only be achieved through infill business. The Bridge Studios leases TV studio space on long term contracts and the John Thomas Effects Stage for movie production on three to nine month rentals.

Occupancy at the facilities

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
Vancouver Convention & Exhibition Centre	68%	66%	69%
BC Place Stadium	51%	51%	53%
Tradex	46%	50%	50%
Bridge Studios	80%	80%	80%



Measure number of events by type. Although PavCo strives to increase the number and quality of events at its facilities each year, the facilities are operating at effective capacity during the peak season. However, as the greatest economic benefit is generated through convention activity, other event types may be limited in order to maximize benefit from conventions.

<u>Number of events by type</u>	<u>Fiscal 2002/03</u>	<u>Fiscal 2003/04</u>	<u>Fiscal 2004/05</u>
Meetings	130	135	138
Banquets	100	100	100
Conventions	35	35	38
Trade Shows	30	30	30
Consumer Shows	12	12	12
Special Events	1	1	1
Other	7	7	7



Track attendance by facility.

As a measure of the Corporation's success, facility attendance is monitored. Attendance plays a significant role in a company's decision to become a corporate sponsor.

<u>Attendance at the facilities</u>	<u>Fiscal 2002/03</u>	<u>Fiscal 2003/04</u>	<u>Fiscal 2004/05</u>
Vancouver Convention & Exhibition Centre	580,000	600,000	620,000
BC Place Stadium	710,000	719,000	729,000
Tradex	277,000	282,000	288,000

TO IMPROVE, EXPAND AND DIVERSIFY OUR PROPERTIES

PavCo is responsible for operating, maintaining and upgrading more than \$200 million in capital assets. The Corporation is not allowed to create reserves to provide for replacement of major assets, so the shareholder needs to be informed of their remaining useful lives.

The measures required to monitor physical assets are as follows:

Measure estimated useful life of major assets. The major assets that will require extraordinary funding to provide for replacement include the roofs at BC Place Stadium and Vancouver Convention & Exhibition Centre, and the internal video boards and artificial turf at BC Place Stadium.

<u>Estimated useful lives at the end of each fiscal year</u>	<u>March 31, 2003</u>	<u>March 31, 2004</u>	<u>March 31, 2005</u>
Roof - BC Place Stadium	5 years	4 Years	3 Years
Roof - Vancouver Convention & Exhibition Centre	Over 10 years	Over 10 years	Over 10 years
Internal Video Board - BC Place Stadium	10 years	9 Years	8 Years
Artificial Turf - BC Place Stadium	1 Year	0 Years	0 Years

Note: With careful maintenance, the lifespan of these major assets may be extended.

Measure rate of replacement of assets. With over \$200 million in depreciable assets owned and managed by the Corporation, a replacement rate of approximately 1.0 per cent to 1.5 per cent per annum is required to maintain them adequately on a long term basis.

	<u>Fiscal 2002/03</u>	<u>Fiscal 2003/04</u>	<u>Fiscal 2004/05</u>
Estimated replacement rate	0.6%	0.8%	0.88%

Measure return on investment for major assets. Before any investment in a major asset addition is made, a feasibility study and calculation of anticipated financial return on funds is prepared. The return on income producing assets is measured for three years after purchase.

There are no major investments contemplated at this time.

TO CREATE HEALTHY AND SUPPORTIVE WORK ENVIRONMENTS FOR PERSONAL AND ORGANIZATIONAL SUCCESS

PavCo evaluates success in relation to its work environment by measuring employee turnover, employee satisfaction, number of training hours, and absenteeism.

Measure Employee Turnover. The irregularity of work available for PavCo's large part-time employee population results in a high turnover rate. The uncertainty of PavCo's future direction will also result in higher loss of full-time employees in Fiscal 2003. Both levels should improve in subsequent years.

	<u>Fiscal 2002/03</u>	<u>Fiscal 2003/04</u>	<u>Fiscal 2004/05</u>
Employee turnover	30%	28%	26%



Measure Employee Satisfaction. Employee opinion surveys have been conducted for the past four years and voluntary participation has risen each year. Results are shared with employees at meetings where they are invited to recommend changes to improve the work environment. In addition, follow up on the negative comments provides the greatest opportunity for improvement of application of PavCo values and workplace practices. A significant reduction in employee satisfaction is forecast for Fiscal 2003 due to major change initiatives that are underway.

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
Employee satisfaction ratings (out of 5.0)	2.8	3.3	3.5

Measure of training provided. PavCo's commitment to training and performance improvement also contributes to employee and guest satisfaction.

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
<u>Training hours per employee:</u>			
Union	4.5	4.5	4.5
Exempt	12.5	12.5	12.5

Measure absenteeism. Time lost due to sickness and injury is disruptive and costly to the Corporation. The introduction of an employee wellness program is proactively addressing the health and well being of all employees both on and off the job. In addition, an attendance management program at the Stadium has significantly reduced the levels of absenteeism among unionized employees.

	<u>Fiscal</u> <u>2002/03</u>	<u>Fiscal</u> <u>2003/04</u>	<u>Fiscal</u> <u>2004/05</u>
<u>Absenteeism by employee group</u> <u>(in days):</u>			
Union	10	10	10
Exempt	6.5	5	5

4 SUMMARY FINANCIAL OUTLOOK

FUNDING REQUIREMENTS

Funding is received from the Ministry of Competition, Science and Enterprise. Since PavCo's inception, annual funding from government has been reduced from more than \$10 million in Fiscal 1988 to the \$2.4 million expected in Fiscal 2003. In the years leading up to Fiscal 2000, with the Corporation coming closer to self sufficiency on operations, and ongoing government restraints, funding was driven lower, with the largest portion applied to capital projects. While the profitability of most facilities has remained consistent, the performance of BC Place Stadium has weakened as a result of lower event attendance and reduced sponsorship revenues. Due to revenue decline and reduction in funding, in order to meet targets, for Fiscal 2003 Management will reduce the cost and structure of Corporate Office, and allocate capital monies to the facilities on an as required basis rather than following the five Year capital plan.

OPERATING

Historical operating results improved to the point where the Corporation made a surplus in Fiscal 2000. However, due to the downturn in BC Place Stadium profitability, the Corporation has returned to requiring operating funding, and will incur deficits of between \$.05 million and \$1.2 million over the next three years. During this time, the Vancouver Convention & Exhibition Centre and Bridge Studios are expected to continue to operate at close to record levels, but losses at BC Place Stadium and on-going administrative costs, although at significantly reduced levels, will result in the funding requirement. Annual revenues for the period will fluctuate from just over \$26 million to \$27.6 million. These are decreased from historical levels as a result of the loss of Robson Square Conference Centre, and reduced business activity at BC Place Stadium.



Financial Outlook for 2002/2003 - 2004/2005 (in \$000s)

	<u>2001/02</u> <u>Forecast</u>	<u>2002/03</u> <u>Budget</u>	<u>2003/04</u> <u>Forecast</u>	<u>2004/05</u> <u>Forecast</u>
Revenue	<u>26,390</u>	<u>26,060</u>	<u>26,700</u>	<u>27,630</u>
VCEC	14,560	13,680	14,020	14,370
BCPS	6,750	7,200	7,530	7,980
Tradex	1,220	1,400	1,330	1,400
Bridge	3,570	3,630	3,700	3,780
Corporate	290	150	120	100
Direct Costs	<u>11,460</u>	<u>11,300</u>	<u>11,560</u>	<u>11,840</u>
VCEC	7,410	6,710	6,880	7,050
BCPS	3,330	3,780	3,900	3,980
Tradex	500	610	560	590
Bridge	220	200	220	220
Gross Margin	<u>14,930</u>	<u>14,760</u>	<u>15,140</u>	<u>15,790</u>
Facility Costs	<u>16,090</u>	<u>15,960</u>	<u>15,540</u>	<u>15,840</u>
VCEC	6,370	6,520	6,780	6,940
BCPS	5,340	5,500	5,610	5,690
Tradex	820	870	880	910
Bridge	1,320	1,360	1,380	1,410
Corporate	2,010	1,660	840	840
Facility Development	230	50	50	50
Net Income (Funding Requirement)	<u>(\$ 1,160)</u>	<u>(\$ 1,200)</u>	<u>(\$ 40)</u>	<u>(\$ 50)</u>
VCEC	780	450	360	380
BCPS	(1,920)	(2,080)	(1,980)	(1,690)
Tradex	(100)	(80)	(110)	(100)
Bridge Studios	2,030	2,070	2,100	2,150
Corporate	(1,720)	(1,510)	(720)	(740)
Facility Development	(230)	(50)	(50)	(50)
Capital Requirement	<u>1,840</u>	<u>1,200</u>	<u>1,600</u>	<u>1,750</u>
Total Funding Allocated	<u>(\$ 3,000)</u>	<u>(\$ 2,400)</u>	<u>(\$ 2,000)</u>	<u>(\$ 1,800)</u>



Key Assumptions:

- Financial estimates are based on the PavCo's structure prior to the Core Services Review. Facilities managed by PavCo remain the same, but the Corporate Office is reduced in size to a basic management group and the existing office space is sublet, with reorganization commencing early Fiscal 2003.
- Receivable of \$.7 million re development of Convention Centre Lands is funded separately by the Provincial Government.
- BC Place Stadium results based on assumption that title sponsorship will be negotiated for Fiscal 2005.

Forecast Risks and Sensitivities:

- Occupancy at the Bridge Studios is usually negotiated at short notice. Budget occupancy has been based on past performance.
- Revenues from conventions for future years are based on current expectations, and do not take into account any long term effects that the September 11th actions may have.
- Due to funding reductions, the capital budget for Fiscal 2003 onwards has been reduced below the minimum required to maintain facilities as competitive entities. Projects will be assigned from the five-year capital plan on an as needed basis.

5 INFORMATION ON BUSINESS UNITS

5.1 PavCo/Corporate

SITUATION ANALYSIS

PavCo is currently undergoing the Government's Core Services Review process. This process will likely result in changes to the portfolio and the company's organizational structure.

Currently, leadership and support for the Corporation in areas of strategic planning, finance, human resources, training, sponsorship, marketing communications (including meetingsbc.com), business development and information services are provided through PavCo's Corporate Office. The office houses the Corporate Management and Board of Directors functions and employs 17 full-time staff. Due to budget constraints, Corporate Office has recently been reduced in size from 23 full-time staff to 17. This was achieved through reducing staffing levels for Facility Development, meetingsbc.com, Corporate Communications and Sponsorship.



STRATEGIC APPROACH



Corporate Office will continue to provide leadership to the facilities and management will continue to identify cost-savings where they are practical. As the organization undergoes the Core Services Review process, Corporate Office will play the lead role in implementing the recommendations to better align the organization and/or its facilities with the objectives of Government.

5.2 BC Place Stadium

PROFILE

Opened in 1983, BC Place Stadium is the world's largest air-supported domed stadium. With seating for 60,000 and 247,000 sq. ft. of exhibition space, BC Place Stadium is the province's largest arena and trade show venue. This multi-purpose facility is home to the CFL 2000 Grey Cup Champion BC Lions, as well as the Province's largest trade and consumer shows.



SITUATION ANALYSIS



The facility is busy approximately 200 days a year hosting trade and consumer shows, entertainment and sporting events. As Stadium occupancy is focused during the peak periods, primarily the spring and fall, one of the most significant challenges facing the Stadium continues to be the limited date availability during peak season. Trade and consumer shows, BC Lions' games and spectator events all desire spring and fall dates for their shows. These periods have limited dates available for new shows or for existing shows to move dates.

Existing and potential future competition from other public trade show venues is an area requiring attention. Proposals for other area trade show facilities, such as the Richmond Trade and Exhibition Centre, could impact this important revenue generator for the Stadium. The multi-purpose nature of the Stadium and its ability to host large trade and consumer shows minimizes the costs of maintaining a public facility of this type for spectator sports and other community events, such as APEC or the 2010 Winter Olympics.



Changes in the corporate sponsorship market are also having an impact on Stadium operations. Increasing demand for corporate funds by other organizations and more sophisticated sponsor requirements have reduced revenues. Recent changes in government policies and reductions in taxes and regulation have created renewed optimism in the community, which will translate into increased corporate interest and greater attendance, sponsorship and advertising.

One of the most exciting opportunities facing the Stadium is its central role in the 2010 Vancouver Olympic bid. The Stadium is the only facility large enough to host the opening and closing ceremonies and is also being considered as the venue for medal ceremonies as well as cultural and entertainment events.

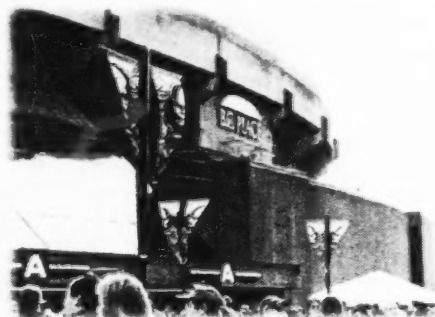


Despite some of the current challenges, the Stadium continues to generate close to \$50 million in annual economic impact and \$15 million in tax revenue for governments. While the Stadium requires an operating subsidy under current conditions, that subsidy is more than recovered through tax revenues which accrue to the provincial treasury.

STRATEGIC APPROACH

Upcoming changes in the Stadium's business environment clearly point to the need to attract new events in off-peak periods and to diversify the mix of revenue sources. While the traditional team sports and trade show categories remain limited, other sports and live entertainment categories show potential for growth.

A key long-term requirement for the Stadium is the replacement of the roof. While it is nearing its intended life-expectancy, Management estimates the roof could last for another 10 years. A variety of options are available, however, issues such as the Stadium's role in the 2010 Winter Olympics will have a significant bearing on how the facility plans for this major capital investment.



To address the challenges and opportunities facing the facility, Management has undertaken a thorough and exhaustive Business Review of Stadium operations. Implementation of the Review's recommendations are pending the Core Services Review process and subsequent government review.

5.3 The Bridge Studios

PROFILE

With 197,000 square feet located on a fifteen acre site, the Bridge Studios features North America's largest effects stage, six sound stages, wardrobe, props, mill and workshop facilities, as well as production offices. Opened in 1987, the Bridge Studios is the Corporation's most significant financial success story and has had a successful history both developing and fostering British Columbia's film and television industry.



SITUATION ANALYSIS



Originally built to generate growth in BC's film industry by providing a stable base of operations, the success of the Bridge has led to new private sector studios being built, often with significant financial support from government. While the private sector has entered the market in a larger way, only the Bridge offers the special effects stage required to attract big budget features that provide the maximum economic benefit to BC. As special effects stages do not operate at the same high occupancy levels as other stages, they are also less profitable. However, feature film production creates approximately four times the economic benefit to the province than other productions.

The Bridge generates approximately \$300 million in economic benefit annually. Film production is expected to continue to grow based on the excellent local crews, outstanding locations, proximity to Los Angeles, and the low Canadian dollar. This growth will continue to place pressure upon the Bridge to maximize its value to film producers and taxpayers of British Columbia.

STRATEGIC APPROACH

As long as government considers it in the public's interest, The Bridge will continue to operate in a manner so as to maximize its economic benefits for the people of British Columbia.

5.4 Tradex

PROFILE

PavCo's Fraser Valley facility, Tradex, is located at the Abbotsford Airport. At 120,000 square feet of exhibit space, the facility has BC's second largest trade show floor after BC Place Stadium. With more than one million people within a 60 kilometre radius, the facility continues to provide the opportunity for Fraser Valley businesses to have a showcase close to home. In 2001, Tradex celebrated its 10th anniversary.



SITUATION ANALYSIS



While the economy has been in a progressive downturn for some time, the show industry is only now starting to feel the impact. Tradex continues to face challenges with attrition to its core show base as well as downsizing of existing shows. A sluggish economy and lack of consumer spending confidence is at the core of these issues.

The City of Abbotsford has been encouraging the development of a number of "motel" style developments in the area making it a high-risk investment for a full-service hotel developer, the latter being more favourable to the development of the show industry. However, the Ramada Inn in Abbotsford is proceeding with a 17,000 square foot conference/banquet room expansion which will complement Tradex. Meanwhile, further up the valley, the City of Chilliwack has developed a 150,000 square foot multi-purpose and equine facility. As with BC Place Stadium, a new Richmond Trade and Exhibition Centre may also be an area of concern. The full impact of these new or proposed facilities on Tradex has yet to be determined.



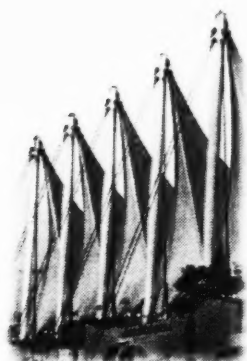
STRATEGIC APPROACH

Over the medium term, the development and implementation of an image enhancement program to key focal points inside and outside the facility will improve the facility's marketability. Existing relationships with clients and the community will be built on to grow customer attendance and to optimize the use of the facility to generate economic benefit to the area. Management has implemented programs to improve access to the facility as well as completed a significant reconfiguration of the parking areas to upgrade capacity.



5.5 Vancouver Convention & Exhibition Centre

PROFILE



With 150,000 square feet of function space and a majestic waterfront setting at Canada Place, the Vancouver Convention & Exhibition Centre (VCEC) is BC's premier meeting and convention facility. Opened in 1987, the VCEC occupies the former Canada Pavilion from Expo 86. The current facility can accommodate up to 8,000 guests for a variety of functions.

SITUATION ANALYSIS

The VCEC is an integral part of BC's tourism infrastructure, generating some \$235 million in annual economic impact, including \$73 million in tax revenues, and supporting 3,930 full-time jobs. The recent expansion of the Vancouver International Airport, improvements in air access, Vancouver's spectacular location and the low Canadian dollar have all contributed to the possibility of significant increases in convention business, offering major potential to the provincial economy. Since opening in 1987, the VCEC has neither expanded nor significantly renovated and has fallen far behind facilities in competing destinations. As a result, it is now turning away potential new business due to the lack of available space.



Two significant factors that are impacting the planning process for the VCEC is a need for a decision regarding the expansion of the facility and the impacts of September 11th.

STRATEGIC APPROACH

Strategic planning for the VCEC continues to be dominated by the issue of whether or not the proposed facility expansion takes place. In practical terms, this means there is a need for an interim approach that balances expansion readiness with intensive ongoing activities to retain and build market position based on attributes of the existing centre. Over the longer term, two diverging strategies would respond to the expansion issue alternatives.



Should expansion proceed, a high priority will be placed on activities that would ensure the development of a functional, marketable centre as construction proceeds, while anticipating the market opportunities and demands of the expanded facility once completed.



Should expansion *not* proceed, the VCEC will need to proceed rapidly with capital improvements and service innovations in order to maintain market share and respond to growing competition from new, expanded and updated facilities elsewhere.

In relation to the impacts of September 11th, the VCEC has implemented a plan to address both the short and long term issues by working closely with clients and meeting planners to mitigate any negative impacts. At the same time, Vancouver is now perceived to have some advantages over competing jurisdictions around the world, and the VCEC will work to ensure that these are optimized.

The VCEC continues to operate at essentially full capacity, given seasonal business distribution. Opportunities for business growth lie in developing new service products, improving the flexibility of space to maximize utilization, and concentrating on high-yield business to achieve the best return on assets. The last option is somewhat compromised by the VCEC's commitment to giving preference to convention business which generates greater overall economic impact, but yields lower room rental rates.



